

Message Text

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PAGE 01 TOKYO 13420 161002Z

15

ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 ACDA-19 CIAE-00 INR-10 IO-14

L-03 NSAE-00 NSC-10 RSC-01 SCI-06 SCEM-02 AEC-11

NEA-10 SPC-03 AID-20 EB-11 CIEP-02 TRSE-00 SS-20

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PRS-01 USIA-15 COME-00 FRB-02 XMB-07 OPIC-12 DRC-01

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R 160840Z OCT 73

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC 7510

INFO AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

USMISSION EC BRUSSELS

AMEMBASSY MOSCOW

AMCONSUL HONG KONG

USMISSION OECD PARIS

C O N F I D E N T I A L TOKYO 13420

E.O. 11652: GDS

TAGS: ENRG JA GW UK FR

SUBJ: TANAKA'S ENERGY CONSULTATIONS IN WESTERN EUROPE

REF: A. BONN 14852; B. PARIS 26380; C. LONDON 11759

SUMMARY: IN RECENT VISITS TO FRANCE, UK, AND FRG,
PM TANAKA HAD EXTENSIVE TALKS ON SUBJECT OF ENERGY, DURING
WHICH HE EMPHASIZED JAPAN'S DESIRE FOR INTERNATIONAL COOPERA-
TION, PARTICULARLY IN PRIVATE SECTOR. TANAKA DISCUSSED URAN-
IUM ENRICHMENT WITH FRANCE AND UK, AND ALSO PUT FORWARD NEW
PROPOSAL FOR AN INTERNATIONAL DEVELOPMENT FUND UTILIZING
CAPITAL FROM THE OIL PRODUCING COUNTRIES. TANAKA FAILED
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PAGE 02 TOKYO 13420 161002Z

TO GAIN MUCH SUPPORT IN EITHER GERMANY OR UK FOR JAPANESE

PARTICIPATION IN DEVELOPMENT OF NORTH SEA OIL RESOURCES.
END SUMMARY.

DEPUTY DIRECTOR OF FONOFF INTERNATIONAL RESOURCES DIV.
PROVIDED EMB WITH FOLLOWING COMMENT SEPT 13 ON RESULTS OF PM
TANAKA'S TALKS WITH EUROPEAN LEADERS ON ENERGY ISSUE. FONOFF
COMMENTS GENERALLY CONSISTENT WITH REFTELS FROM BONN, PARIS
AND LONDON.

2. FRANCE. TALKS IN PARIS, ACCORDING FONOFF, CENTERED ON
ENRICHED URANIUM. IN RESPONSE EXPRESSION OF STRONG JAPAN-
ESE INTEREST, FRENCH AGREED TO FOLLOW-UP TALKS ON A POSSIBLE
JOINT FEASIBILITY STUDY INVOLVING JAPANESE COOPERATION IN INCREAS-
ING FRENCH URANIUM ENRICHMENT CAPACITY. TANAKA ALSO NOTED
NUMBER OF EXISTING JOINT VENTURES BETWEEN FRENCH AND JAPAN-
ESE FIRMS AND STRESSED HOPE THAT BOTH COUNTRIES MIGHT FIND
OPPORTUNITY FOR FURTHER COOPERATIVE EFFORTS IN PETROLEUM
DEVELOPMENT IN MIDDLE EAST AND AFRICA.

3. UK. TALKS IN LONDON FOCUSSED ON HOW TO SOLVE PROBLEM
OF ACCUMULATED FOREIGN EXCHANGE IN HANDS OF ME OIL PRODUCERS.
TANAKA PROPOSED TO HEATH IDEA OF INTERNATIONAL FUND
WHICH WOULD BORROW "OIL DOLLARS" FROM PRODUCERS AT CURRENT
RATES (E.G. ABOUT 10 PERCENT) AND RELOAN THESE FUNDS AT
VERY LOW SUBSIDIZED RATES TO LDC'S FOR USE IN DEVELOPMENT PROJECTS.
HEATH SHOWED INTEREST IN METHODS OF UTILIZING ARAB CURRENCY
RESERVES, BUT DID NOT SPECIFICALLY COMMENT ON TANAKA'S PRO-
POSAL.

4. TANAKA EXPRESSED JAPANESE
INTEREST IN INVESTING IN NORTH SEA DEVELOPMENT IN RETURN FOR
SWAP ARRANGEMENT COVERING OIL IN ME UNDER CONTROL OF UK FIRMS.
HEATH SAID THAT UK WOULD STUDY PROPOSAL, BUT ADDED HE DID NOT
BELIEVE IT APPROPRIATE FOR JAPAN TO INVEST IN EXISTING CONCESS-
IONS IN NORTH SEA. HOWEVER, HEATH LEFT OPEN POSSIBILITY OF JAPANESE
INVESTMENT IN NEW AREAS OF NORTH SEA WHICH MIGHT BE PUT UP
FOR BIDS LATER. UK OFFICIALS ALSO STRESSED RELATIONSHIP
OF NORTH SEA TO REGIONAL DEVELOPMENT EFFORTS, PARTICULARLY
IN SCOTLAND. IN THIS CONNECTION, UK OFFICIALS SAID THEY
WOULD ASK MIN OF REGIONAL DEVELOPMENT, WHO PLANNED TO BE
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PAGE 03 TOKYO 13420 161002Z

IN JAPAN SOON, TO DISCUSS THIS TOPIC FURTHER.

5. SOME DISCUSSION ALSO TOOK PLACE BETWEEN HEATH AND TANAKA
ON COOPERATION IN DEVELOPMENT OF OIL RESOURCES ON CHINESE
CONTINENTAL SHELF. FONOFF SOURCE, HOWEVER, HAD NO DETAILS.
TWO LEADERS ALSO DISCUSSED URANIUM ENRICHMENT "ON VERY PRE-
LIMINARY BASIS." UK SIDE SAID IT MIGHT BE ABLE TO OFFER
URANIUM FEEDSTOCKS FOR ENRICHMENT PLANT IN UK AND UNDERTOOK

TO STUDY MATTER FURTHER. THERE WAS ALSO GENERAL DISCUSSION OF POSSIBLE PETROLEUM JOINT VENTURES IN FORMER UK COLONIES.

6. FRG. IN BONN, TANAKA EXPRESSED AN INTEREST IN HAVING GERMAN PARTICIPATION IN SIBERIAN DEVELOPMENT. (COMMENT: FONOFF SOURCE HIMSELF NOT CLEAR ON WHETHER TANAKA HAD PROPOSED THAT TYUMEN PIPELINE BE BUILT FROM USSR TO GERMANY INSTEAD OF TO JAPAN. CONFUSION MAY RESULT FROM INTENTIONAL VAGUENESS ON TANAKA'S PART.) BRANDT, HOWEVER, HAD NOT RESPONDED DIRECTLY, BUT INSTEAD HAD SUGGESTED ESTABLISHMENT OF JOINT COMMITTEE ON NATURAL RESOURCES (SEE BONN 14852), TO WHICH TANAKA HAD REACTED FAVORABLY. TANAKA THEN NOTED COMPETITION BETWEEN GERMAN AND JAPANESE FIRMS IN MIDDLE EAST IN PAST AND STRESSED HOPE FOR COOPERATION IN FUTURE. BRANDT RESPONDED THAT FRG SOMEWHAT BEHIND IN INTERNATIONAL OIL DEVELOPMENT EFFORT AND WOULD THUS LIKE TO MAKE POSITIVE EFFORT TO PROMOTE INTERNATIONAL COOPERA-

TION IN OIL DEVELOPMENT PROJECTS. TANAKA ALSO EXPLAINED HIS IDEA OF AN INTERNATIONAL FUND FOR USE OF OIL DOLLARS, BUT FOUND ONLY LUKEWARM RECEPTION. BRANDT ALSO UNENTHUSIASTIC ABOUT COOPERATION WITH JAPANESE IN NORTH SEA, BECAUSE OF LIMITED GERMAN INVOLVEMENT IN THAT AREA.

7. COMMENT: COMMON THEME WHICH RAN THROUGH TANAKA'S SUMMIT TALKS IN W. EUROPE ON ENERGY WAS NEED FOR INTERNATIONAL COOPERATION IN ENERGY AREA AND PARTICULARLY JAPAN'S DESIRE FOR PETROLEUM JOINT VENTURES WITH UK, FRANCE, AND FRG. OUR GENERAL IMPRESSION, HOWEVER, IS THAT TANAKA AND GROUP OF OIL LEADERS WHICH PRECEDED HIM TO THESE COUNTRIES (REFTEL) DID NOT COME HOME FROM EUROPE WITH ANYTHING VERY TANGIBLE TO SHOW FOR THEIR EFFORTS. WE UNDERSTAND THAT JAPANESE PRIVATE SECTOR PARTICULARLY DISAPPOINTED AT FAILURE
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PAGE 04 TOKYO 13420 161002Z

TO WORK OUT ARRANGEMENTS WITH BP RE NORTH SEA WHICH COULD BE ANNOUNCED BY THE PM IN LONDON.

8. ASAHI PRESS PERHAPS WELL SUMMED UP TANAKA'S EUROPEAN TRIP IN ITS EDITORIAL OF OCT 15 WHICH SAID, "THE LATEST EPISODE OF ENERGY DIPLOMACY BY PM TANAKA IS SO CALLED "BREAK-THROUGH AT THE TOP" TYPE...AS FOR CONCRETE RESULTS HOWEVER WE COULD NOT FIND ANYTHING WORTH SPECIAL MENTION. ACTUALLY IT SEEMS THAT WE WERE FRESHLY MADE AWARE OF THE STARK REALITIES OF INTERNATIONAL POLITICS SURROUNDING THE ENERGY PROBLEM. HOWEVER TO A CERTAIN DEGREE WE CANNOT AVOID THIS KIND OF A TRIAL AND ERROR POLICY IN THE ENERGY PRESENT SITUATION."
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